

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-117-E - ORDER NO. 2002-336

APRIL 24, 2002

IN RE: Application of South Carolina Electric & Gas) ORDER AUTHORIZING
Company for Authority to Issue \$23,465,000) ISSUANCE OF BONDS
of its First and Refunding Mortgage Bonds to)
be Secured by its Existing Mortgage.)



This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application, dated April 10, 2002, and filed on April 11, 2002, by South Carolina Electric & Gas Company (SCE&G or the Applicant) whereby SCE&G seeks certain relief in the nature of the authorization of a specific financing transaction pursuant to §58-27-1710, S.C. Code of Laws (1976). According to its Application, SCE&G proposes to issue \$23,465,000 principal amount of its First and Refunding Mortgage Bonds, 0% Series due December 31, 2098, for deposit with JPMorgan Chase Bank (successor to Central Hanover Bank & Trust Company) as trustee (the Old Trustee) under Applicant's Indenture dated as of January 1, 1945, as amended and supplemented (the Old Indenture), in partial satisfaction of the "sinking fund requirement" (calculated on the basis of bonds outstanding on December 31, 2001) of the Old Indenture.

According to the Applicant, the Old Indenture provides that Applicant may issue and have outstanding and secured thereby at any one time, under certain stipulated conditions, a maximum of \$5,000,000,000 in bonds. Presently outstanding under the Old

Indenture there are \$1,813,291,000 principal amount of bonds. \$1,615,035,000 of the \$1,813,291,000 principal amount of bonds have been issued under the Old Indenture to The Bank of New York, as trustee (New Trustee) under SCE&G's Indenture dated April 1, 1993, as supplemented (the New Indenture), to provide security for bonds issued from time to time under the New Indenture.

SCE&G now proposes to issue 2098 Series Bonds set forth on the basis of a like principal amount of bonds authenticated and delivered under the Old Indenture which have been paid, retired, redeemed, cancelled or surrendered for cancellation permitted by the Old Indenture. The Applicant provides that the 2098 Series Bonds will be issued under the Fifty-third Supplemental Indenture of the Old Indenture and will amount to \$23,465,000 in principal amount, be dated as of the date of authentication and mature December 31, 2098, be issued and authenticated on or before June 1, 2002, bear no interest and be redeemable as provided by the Fifty-third Supplemental Indenture. According to SCE&G, if approval of its Application is not granted on or before June 1, 2002, then it would be required that SCE&G deposit the total "sinking fund requirement" in cash with the Old Trustee.

The purpose of issuance of the \$23,465,000 principal amount of 2098 Series Bonds, according to SCE&G, is to deposit them with the Old Trustee in order to allow the Applicant to use the bonds to partially satisfy the "sinking fund requirement" and minimize the expenditure of cash, thus conserving SCE&G's cash for use in connection with its construction program; and that upon issuance and authentication of the \$23,465,000 additional principal amount of 2098 Series Bonds and deposit of the funds

with the Old Trustee, the \$23,465,000 additional principal amount 2098 Series Bonds will be cancelled immediately.

The Applicant asserts that the proposed issuance of the bonds will have no effect on SCE&G's financial condition or on its financial statements. The Applicant's financial statements as of December 31, 2001, are attached to its Application as Exhibit A. Also attached to SCE&G's Application is Exhibit B which contains required information for compliance with the provisions of Commission Order No. 91-72, dated January 18, 1991, issued in Docket No. 91-032-E.

Upon full investigation and review of SCE&G's Application and the assertions therein, the Commission is of the opinion, and so finds, that the purpose of the proposed issuance is proper and that the amount of the issue is reasonably necessary to accomplish the purpose for which the issuance is to be made. Consequently, the Commission finds that the relief sought in SCE&G's Application should be granted.

IT IS THEREFORE ORDERED:

1. That South Carolina Electric & Gas Company be, and hereby is, authorized to issue an additional \$23,465,000 principal amount of First and Refunding Mortgage Bonds, 0% Series due December 31, 2098, to be dated the date of authentication thereof, to mature December 31, 2098, and to bear no interest; that further, such bonds are to be issued under and pursuant to the terms of the Indenture of the Applicant, dated as of January 1, 1945, as amended and supplemented by fifty-three supplemental indentures, and are to be redeemable as specified in the Fifty-third Supplemental Indenture to the Indenture;

2. That South Carolina Electric & Gas Company is authorized to deposit said \$23,465,000 principal amount of bonds with JPMorgan Chase Bank, Trustee, to satisfy, in part, the “sinking fund requirement,” which becomes due on June 1, 2002, under the sinking fund provided for in said Indenture, which bonds shall thereupon be canceled by said Trustee pursuant to the terms of the Indenture;

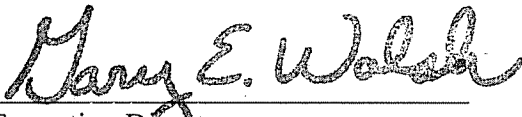
3. That this Order shall not in any way affect or limit the right, duty or jurisdiction of the Commission to further investigate and order revisions, modifications or changes with respect to any provision of this Order in accordance with the law, nor shall this Order dictate the ratemaking treatment of this transaction by the Commission; and

4. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)